

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

In re:

Residents First, LLC,  
  
Debtor.

Case No. 23-49817-mar  
Chapter 11  
Hon. Mark A. Randon

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**DEBTOR'S MOTION TO DISMISS CHAPTER 11 CASE**

Residents First, LLC ("Debtor") through counsel, for its Motion to Dismiss Chapter ("Motion"), states:

**JURISDICTION AND BACKGROUND**

1. On November 8, 2023 ("Petition Date"), Debtor commenced a voluntary case under chapter 11 of title 11 of the United States Code.
2. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.
3. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b).
4. Venue of this proceeding and the Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.
5. Debtor is a property management company, managing six separate manufactured mobile housing communities. Debtor handles all leasing, rent collection, maintenance, landscaping, utilities, customer relations, and all other aspects

relating to maintenance and management of the communities. The communities are each related companies owned by Founding Partners, LLC (“Founding Partners”), and minority owned indirectly by Debtor’s principal, Ara Darakjian (“Mr. Darakjian”) along with various relatives of Mr. Darakjian and certain related trusts.

6. Mr. Darakjian also controls Reliance Home Services, LLC (“RHS”) and Residential Investment Group, LLC (“RIG”).

7. Debtor filed its proposed a proposed Subchapter V Plan of Reorganization (“Plan”). ECF No. 73.

8. Champion Home Builders, Inc. (“CHB”) and the United States Trustee (“US Trustee”) filed objections to the Plan. ECF Nos. 97 and 98.

9. CHB and the US Trustee each also filed motions to convert the case from Chapter 11 to a under Chapter 7 of the Code. ECF Nos. 105 and 119.

10. On April 22, 2024, the Court ordered mediation regarding confirmation of Debtor’s proposed Plan.

11. The Debtor, CHB and the Subchapter V Trustee participated in the mediation. At the mediation, they entered into a settlement term sheet resolving the claims of CHB with support from Mr. Darakjian, RHS and RIG, but contingent, among other things, on dismissal of this Chapter 11 case.

12. Since the execution of the term sheet, Debtor and CHB have entered into a definitive settlement agreement (“Settlement Agreement”), also contingent on

dismissal of this case, and Mr. Darakjian, RHS and RIG are working with CHB to finalize ancillary guaranty and security agreements to support the settlement.

13. Debtor submits that dismissal of the case is likely to resolve all outstanding issues in this case, and in particular, the claims of CHB, the Plan and Plan objections, and the outstanding motions to convert the case to a Chapter 7 case.

14. Concurrently with filing of this Motion, Debtor intends to withdraw its Plan.

#### **REQUEST TO DISMISS**

15. Debtor requests that this case be dismissed under 11 U.S.C. § 1112 to permit Debtor to complete its obligations under the Settlement Agreement.

#### **LEGAL BASIS FOR DISMISSAL**

16. Under 11 U.S.C. § 1112(b), any party in interest may request that the Court dismiss or convert a Chapter 11 case.

17. Upon the filing of a motion to dismiss a case under 11 U.S.C. § 1112(b), the Court shall dismiss or convert the case, whichever is in the best interests of creditors, unless the Court determines that dismissal or conversion is not in the best interests of creditors and the Court makes the findings required under 11 U.S.C. § 1112(b)(2)(A) and (B).

18. Debtor submits that dismissal is in the best interests of Debtor, Debtor's estate, and all Debtor's creditors.

19. As set forth above, Debtor has entered into the Settlement Agreement with CHB which is contingent on dismissal. Dismissal will, therefore, remove the contingency to the Settlement Agreement and permit Debtor to complete its obligations under the Settlement Agreement thereby resolving CHB's claims in full.

20. Dismissal will also resolve all on-going disputes regarding the motions to convert filed by CHB and the US Trustee and litigation regarding confirmation of Debtor's Plan.

21. Further, Debtor has agreed to settlement terms with True North Asphalt, LLC, one of Debtor's larger unsecured creditors that appeared at the initial hearing to consider confirmation of Debtor's Plan, which settlement will also be facilitated through dismissal of the case.

22. No other creditors besides CHB and True North objected to Debtor's Plan or appeared at the initial Plan confirmation hearing.

23. Debtor submits that no creditors or other parties in interest will be prejudiced by dismissal. Upon dismissal, Debtor will operate its business in the ordinary course, and all Debtor's creditors will have the rights and interests as provided under non-bankruptcy law.

#### **DISCUSSIONS WITH OTHER PARTIES**

24. At a hearing held on July 8, 2024, Debtor informed the Court, CHB, the US Trustee and the Subchapter V Trustee that it would be filing this Motion.

25. CHB, the US Trustee and Subchapter V Trustee have indicated contingent support for the Debtor's request to dismiss this case. Debtor understands that CHB's support is contingent on finalizing the ancillary support agreements with Mr. Darakjian, RHS and RIG; the US Trustee's support is contingent on Debtor filing all monthly operating reports that come due before entry of an order dismissing the case and Debtor otherwise continuing to comply with its obligations as debtor-in-possession; and the Subchapter V Trustee's support is contingent on allowance and payment of administrative expense fees, including professional fees, before entry of an order dismissing the case. All parties have reserved the right to object to dismissal or to the specific terms of the dismissal order, and to request conversion if appropriate under the circumstances.

WHEREFORE, Debtor requests that this Honorable Court dismiss this Chapter 11 case. A proposed order is attached as Exhibit 1.

Respectfully submitted,

HEILMAN LAW PLLC

Dated: July 15, 2024

By: /s/ Ryan D. Heilman  
Ryan D. Heilman (P63952)  
Attorneys for Debtor  
40900 Woodward Ave., Suite 111  
Bloomfield, MI 48304  
(248) 835-4745  
[ryan@heilmanlaw.com](mailto:ryan@heilmanlaw.com)

**EXHIBIT LIST**

EXHIBIT 1	Proposed Order
EXHIBIT 2	Notice of the Motion
EXHIBIT 3	N/A
EXHIBIT 4	Certificate of Service
EXHIBIT 5	N/A
EXHIBIT 6	N/A

# EXHIBIT 1

## Proposed Order

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

In re:

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Case No. 23-49817-mar  
Chapter 11  
Hon. Mark A. Randon

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**ORDER DISMISSING CHAPTER 11 BANKRUPTCY CASE**

This matter having come before the Court on the Debtor's Motion to Dismiss Chapter 11 Case; Debtor having provided appropriate notice of the Motion and all objections filed, if any, having been voluntarily withdrawn or overruled; the Court having determined that dismissal or conversion is appropriate under 11 U.S.C. § 1112(b) and that, between conversion and dismissal, dismissal is in the best interests of creditors and the estate; and the Court being fully advised in the premises;

**IT IS HEREBY ORDERED** that this Chapter 11 Bankruptcy Case is dismissed, subject to the terms of this Order.

**IT IS FURTHER ORDERED** that this Court retains jurisdiction to review and approve all claims for allowance of professional fees incurred after the filing of the Chapter 11 case and before entry of this Order, to the extent final orders have not been entered regarding allowance of professional fees before entry of this Order. All allowed claims for professional fees shall be administrative expense



claims under 11 U.S.C. § 507(a)(2) and will retain such priority in the event of any subsequent bankruptcy filing, reopening of this case, or subsequent conversion of this case to a case under Chapter 7 of the United States Bankruptcy Code.

# EXHIBIT 2

## Notice

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

**In re:**

**Residents First, LLC,**

Debtor.

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Case No. 23-49817  
Chapter 11  
Hon. Mark A. Randon

**NOTICE OF DEBTOR'S MOTION TO DISMISS CHAPTER 11 CASE**

Residents First, LLC ("Debtor"), has filed papers with the Court seeking entry of an order DISMISSING this Chapter 11 case ("Motion").

**Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)**

If you do not want the court to grant the relief requested in the Motion, or if you want the court to consider your views on the Motion, within 21 days (or such other date as ordered by the Court), you or your attorney must:

1. File with the court a written response or an answer,<sup>1</sup> explaining your position at:

United States Bankruptcy Court  
211 W. Fort Street  
Detroit, MI 48226

If you mail your response to the court for filing, you must mail it early enough so the court will **receive** it on or before the date stated above. All attorneys are required to file pleadings electronically.

You must also mail a copy to:

Heilman Law PLLC  
Attn: Ryan D. Heilman  
40900 Woodward Ave., Suite 111  
Bloomfield Hills, MI 48304

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<sup>1</sup>Any response or answer must comply with F. R. Civ. P. 8(b), (c) and (e).



# EXHIBIT 4

## Certificate of Service

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN**

**In re:**

**Residents First, LLC,**

Debtor.

Case No. 23-49817-mar  
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**CERTIFICATE OF SERVICE**

I, Ryan D. Heilman, hereby certify that on July 15, 2024, I caused a copy of the Debtor's Motion to Dismiss Chapter 11 Case ("Motion to Dismiss") to be filed via the Court's Electronic Case Filing (ecf) system, and the ecf system sent notice of the Motion to Dismiss to all parties registered to receive electronic notification via the ecf system, including those set forth below as ECF Recipients. I further certify that on July 15, 2024, I caused notice of the Motion to Dismiss ("Notice") to be filed via the ecf system as an Exhibit to the Application, and the ecf system delivered the Notice to all persons that have filed appearances in this case listed below as ECF Recipients. I further certify that copies of the Notice was served on all creditors and parties-in-interest not receiving notice via the ecf system at the addresses set forth below designated as Service By Mail.

**ECF Recipients:**

Kelley Callard (UST) on behalf of U.S. Trustee Andrew R. Vara  
[Kelley.Callard@usdoj.gov](mailto:Kelley.Callard@usdoj.gov)

Kimberly Ross Clayson on behalf of Creditor Champion Home Builders, Inc.  
[kclayson@taftlaw.com](mailto:kclayson@taftlaw.com), [ttorni@taftlaw.com](mailto:ttorni@taftlaw.com); [DET\\_Docket\\_Assist@taftlaw.com](mailto:DET_Docket_Assist@taftlaw.com)

Cheryl Cook on behalf of Creditor Santander Consumer USA Inc. dba Chrysler Capital as servicer for CCAP Auto Lease Ltd.  
[bknotices-edm@potestivolaw.com](mailto:bknotices-edm@potestivolaw.com)

Clifford Garfield Cooper, II on behalf of Creditor True North Asphalt, LLC  
[ccooper@clarkhill.com](mailto:ccooper@clarkhill.com)

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[sgold@glmpc.com](mailto:sgold@glmpc.com), [sgold@ecf.courtdrive.com](mailto:sgold@ecf.courtdrive.com)

Ryan D. Heilman on behalf of Debtor In Possession Residents First, LLC  
[ryan@heilmanlaw.com](mailto:ryan@heilmanlaw.com), [cindy@heilmanlaw.com](mailto:cindy@heilmanlaw.com)

Jacob Daniel High on behalf of Creditor Ally Bank Lease Trust  
[jacob@jacobhighlaw.com](mailto:jacob@jacobhighlaw.com), [mi.ecf@aisinfo.com](mailto:mi.ecf@aisinfo.com)

Charles A. Lawler on behalf of Creditor True North Asphalt, LLC  
[clawler@clarkhill.com](mailto:clawler@clarkhill.com), [kthomas@clarkhill.com](mailto:kthomas@clarkhill.com)

Todd J Ruchman on behalf of Creditor JPMorgan Chase Bank, N.A.  
[tjruchman@manleydeas.com](mailto:tjruchman@manleydeas.com)

Mark J. Van Epps on behalf of Creditor AR Landscape & Stone, Inc.  
[mvanepps@vaneppslaw.com](mailto:mvanepps@vaneppslaw.com), [mowk@hotmail.com](mailto:mowk@hotmail.com)

Jay L. Welford on behalf of Creditor Champion Home Builders, Inc.  
[jwelford@taftlaw.com](mailto:jwelford@taftlaw.com), [torni@taftlaw.com](mailto:torni@taftlaw.com); [DET\\_Docket\\_Assist@taftlaw.com](mailto:DET_Docket_Assist@taftlaw.com)

**Service By Mail:**

AMBS Message Center  
338 West Franklin St.  
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Ally Bank Lease Trust  
c/o AIS Portfolio Services, LLC  
4515 N Santa Fe Ave  
Oklahoma City, OK 73118-7901

Ally Financial 6716 Grade Lane  
Suite 910 Bldg. 9  
Louisville, KY 40213-3410

AmRent  
P.O. Box 640495  
Pittsburgh, PA 15264-0495

avidxchange  
1210 AvidExchange Lane  
Charlotte, NC 28206-3560

Blue Cross Blue Shield of Michigan  
1250 W 14 Mile Rd  
Troy, MI 48083-1030

CCAP Auto Lease Ltd.  
P.O. BOX 961275  
FORT WORTH, TX 76161-0275

Capital One  
1680 Capital One Drive  
Mc Lean, VA 22102-3407

Capital One  
P.O. Box 4069  
Carol Stream, IL 60197-4069

Capital One N.A.  
by American InfoSource as agent  
PO Box 71083  
Charlotte, NC 28272-1083

JPMORGAN CHASE BANK N A  
BANKRUPTCY MAIL INTAKE TEAM  
700 KANSAS LANE FLOOR 01  
MONROE LA 71203-4774

Chrysler Capital  
3000 Kellway Drive Suite 120  
Carrollton, TX 75006-3356

Creative Benefits & Insurance Solutions  
45170 Cass Avenue  
Utica, MI 48317-5507

GreatAmerica Financial Services Corporation  
ATTN: Peggy Upton  
P.O. Box 609  
Cedar Rapids, IA 52406-0609

Heirloom Hospitality  
217 Pierce Street  
Suite 207  
Birmingham, MI 48009-6048



Home Depot Credit Services  
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P.O. Box 70614  
Philadelphia, PA 19176-0614

INTERNAL REVENUE SERVICE  
CENTRALIZED INSOLVENCY OPERATIONS  
P O BOX 7346  
PHILADELPHIA PA 19101-7346

Jerry's Manufactured Home Removal, LLC  
c/o Mark Van Epps  
318 N Water St  
Owosso MI 48867-2810

London Computer Systems (LCS)  
9140 Waterstone Boulevard  
Cincinnati, OH 45249-7501

Markel Insurance  
4521 Highwoods Parkway  
Hallieford, VA 23068

McChesney Electric, Inc  
22036 Woodward Avenue  
Ferndale, MI 48220-2521

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One Division N.W.  
Grand Rapids, MI 49503-3132

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Farmington, MI 48334-2581

U.S. Small Business Administration  
2 North Street  
Suite 320  
Birmingham, AL 35203

Respectfully submitted,

HEILMAN LAW PLLC

Dated: July 15, 2024

By: /s/ Ryan D. Heilman  
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